CP Assessment Report

CP1531 'Additionally provide the TUoS Report to National Grid ESO at the II Settlement Run'

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About This Document

This document is the Change Proposal (CP) Assessment Report for CP1531 which ELEXON will present to the SVG at its meeting on 1 September 2020. The Committee will consider the proposed solution and the responses received to the CP Consultation before making a decision on whether to approve CP1531.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the SVG's initial views on the proposed changes and the views of respondents to the CP Consultation.
- Attachment A contains the CP1531 proposal form.
- Attachment B contains the proposed redlined changes to BSCP508 to deliver the CP1531 solution.
- Please note there is no consultation responses attachment as no responses were received to the industry consultation.

Committee

Supplier Volume Allocation Group (SVG)

Recommendation

Approve

Implementation Date

1 April 2021 (ad-hoc April 2021 BSC Release)

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1 Summary

Why change?

National Grid Electricity System Operator (ESO) requires the Balancing and Settlement Code Company (BSCCo) to provide the Transmission Use of System (TUoS) Report at the II (Interim Information) Settlement Run to ensure they can continue to provide an indicative view of Balancing Services Use of System (BSUoS) charges to liable parties after the introduction of a proposed change to the charging methodology.

Solution

The BSCCo shall generate and publish the P0210 TUoS Report (HH/NHH Split) at the II Settlement Run, make it available on the ELEXON Portal, and deliver to National Grid ESO via file transfer. The TUoS Report is already generated and published for subsequent Settlement Runs as it is needed for the calculation of Transmission Network Use of System (TNUoS) charges.

Impacts and costs

The central costs for this CP will be approximately £53,000. This change impacts National Grid ESO only.

Implementation

This CP is recommended for implementation on 1 April 2021 as part of an ad-hoc April 2021 BSC Release. This implementation date aligns with the implementation of CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)'.

Recommendation

We invite the **SVG** to:

- **APPROVE** the proposed changes to BSCP508 for CP1531; and
- **APPROVE** CP1531 for implementation on 1 April 2021 as part of an ad-hoc April 2021 BSC Release.

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2 Why Change?

What is the issue?

Ofgem's Targeted Charging Review (TCR) will reform the BSUoS charging methodology from 1 April 2021. National Grid ESO sends liable parties indicative invoices based on II data and will require an import/export split of Balancing Mechanism (BM) Unit data to continue to do this from 1 April 2021. Currently, they know the total BM Unit demand at the II Settlement Run, but don't have access to the import/export split which they will need to calculate gross demand. Elexon provides this to National Grid ESO at the SF Settlement Run via the TUoS Report file, but will also need to provide this at the II Settlement Run from April 2021 onwards, in order that National Grid ESO can comply with the TCR requirements.

Background

BSUoS charges are levied by National Grid ESO to recover the day-to-day cost of 'balancing the system'. The charging methodology is set out in Section 14 of the Connection and Use of System Code (CUSC).

Ofgem's Targeted Charging Review (TCR) Significant Code Review (SCR) assessed how residual network charges should be set and recovered in Great Britain, with the objective to consider the reform of the current charging arrangements to ensure they meet the needs of current and future consumers. On 21 November 2019, Ofgem as the Authority published its Decision. This included a reform to the current BSUoS charging methodology to recover based on gross demand rather than net demand, from 1 April 2021.

As directed by the Authority, National Grid ESO raised a CUSC Modification Proposal (CMP) to give effect to the decision to levy BSUoS to Suppliers on a gross demand basis. National Grid ESO raised CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)' on 12 December 2019 and it was presented to the CUSC Panel on 13 December 2019. The CMP Proposal Form noted that a BSC Change may be required to provide appropriate volume data. At the Modification Workgroup stage, it was noted Gross Demand (Import data) from the TUoS Report provided to National Grid ESO by BSCCo would be used in calculating BSUoS charges for Suppliers. The TUoS Report is currently provided to National Grid ESO at the SF Settlement Run and subsequent Settlement Runs, however, not at the II Settlement Run. Therefore this Change Proposal has been raised to request that the TUoS Report is generated and provided to National Grid ESO at the II Settlement Run. CMP333 only has one proposed solution, and no other Workgroup Alternative CUSC Modifications (WACM). CMP333 is currently at the Second Code Administration Consultation stage (equivalent of the BSC Modification Process Report Phase), but due to the limited timescales involved in implementing the proposed solution, this Change Proposal is being raised ahead of the Authority decision. CMP333 cannot be self-governance as it relates to charging, and therefore has an effect on industry competition. The Final Code Modification Report for CMP333 is due to be submitted to the Authority for decision by 12 August 2020, subject to approval by the CUSC Panel on 31 July 2020.

A decision will be requested on CP1531 at the SVG's meeting on 1 September 2020. This may be before an Ofgem decision is received on related CUSC Modification CMP333 (SVG on 1 September is around 14WD into the Ofgem decision KPI of 25WD for CMP333). However, if an SVG decision is not received on 1 September 2020, there is a risk that we may not be able to deliver the central system solution on 1 April 2021 to align with CMP333. We note that CMP333 is being progressed to facilitate an Ofgem direction, and

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the CUSC Panel will have already made its recommendation to the Authority, which may help to mitigate the risk of a CP1531 decision in advance of Ofgem CMP333 decision.

Under the current charging methodology, BSUoS is recovered from Suppliers based on net demand, so for Suppliers who contract with Embedded Generators, this has the effect of reducing the Supplier's BSUoS charge and creating an Embedded Benefit, which is typically passed onto the Embedded Generator by the Supplier.

BSUoS is settled at the SF and RF (Reconciliation Final) Settlement Runs. National Grid ESO also provide an indicative view of charges, based on data at the II Settlement Run, to BSUoS liable parties which can help with cash flow forecasting. To provide a view of charges using the gross demand methodology there is a requirement for BSCCo to provide the TUoS Report (P0210 file) at the II Settlement Run. This report is already provided to National Grid ESO at subsequent Settlement Runs.

A Settlement Run is scheduled to take place a specified number of days after a Settlement Day. It provides the latest view of volume data at that point in time. This data is then used for a number of different purposes.

The timetable for Settlement Runs is displayed below:

Settlement Runs		
Settlement Run Code	Settlement Run Description	Timetable
II	Interim Information	+5 working days
SF	Settlement Final	+16 working days
R1	1st Reconciliation	+39 working days
R2	2nd Reconciliation	+84 working days
R3	3rd Reconciliation	+154 working days
RF	Final Reconciliation	+292 working days
DF	Dispute Final	+30 months

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3 Solution

Proposed solution

To ensure that National Grid ESO can continue to provide an indicative view of BSUoS charges after the implementation of a change to the charging methodology, they require the TUoS Report at the II Settlement Run as it contains the required split of import/export data to calculate gross demand.

BSCCo already provides the TUoS Report to National Grid ESO at the SF Settlement Run and subsequent Settlement Runs, so there is already a process and mechanism in place to provide the required data. Therefore the requirement is for the TUoS Report to also be provided at the II Settlement Run.

Proposer's rationale

National Grid ESO were directed to raise a CUSC Code Modification Proposal to give effect to Ofgem's decision to levy BSUoS to Suppliers on a gross demand basis. National Grid ESO therefore raised CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)'. The Modification Workgroup consultation process identified the use of the TUoS Report to obtain the required gross demand data. National Grid ESO currently receive the TUoS Report at the SF Settlement Run and subsequent Settlement Runs. To continue to provide an indicative view of BSUoS charges to Suppliers at the II Settlement Run from 1 April 2021, National Grid ESO require the TUoS Report at the II Settlement Run.

Proposed redlining

The proposed redlining to Balancing and Settlement Code Procedure (BSCP) 508 'Supplier Volume Allocation Agent' for this CP1531 can be found in Attachment B of this paper.

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4 Impacts and Costs

BSC Party & Party Agent impacts and costs

Participant impacts and costs

National Grid ESO are the only impacted participant as a result of this change. There were no consultation responses received from market participants and therefore we believe that there are no anticipated impacts and thus costs on other market participants.

Central impacts and costs

Central impacts

CP1531 requires changes to BSCP508 'Supplier Volume Allocation Agent' and the ELEXON Portal.

Central Impacts	
Document Impacts	System Impacts
• BSCP508 'Supplier Volume Allocation Agent'	• ELEXON Portal

Central costs

The central implementation costs for CP1531 will be approximately £53,000, inclusive of both the document and system changes.

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5 Implementation Approach

Recommended Implementation Date

This CP is recommended for implementation on 1 April 2021 as part of an ad-hoc April 2021 BSC Release.

This implementation approach aligns with the Implementation Date in CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)'. This will enable BSUoS liable parties to be able to continue to receive an indicative view of BSUoS charges at the II Settlement Run after the introduction of a change to the charging methodology.

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6 Initial Committee Views

SVG's initial views

At its meeting on Tuesday 7 July, the SVG considered the CP1531 progression paper.

SVG members queried whether industry funds should be invested to produce the P0210 (TUoS) file at the II Settlement Run, if National Grid ESO could obtain/calculate the data it requires through another more efficient means.

Currently, National Grid ESO knows the total BM Unit demand at the II Settlement Run, but doesn't have access to the import/export split. Elexon provides this to National Grid ESO at the SF Settlement Run via the P0210 (TUoS) file, but will also need to provide this at the II Settlement Run from April 2021 onwards, in order that National Grid ESO can comply with the TCR requirements.

Since the SVG's meeting, we have further engaged with National Grid ESO to confirm there is no other efficient means of them acquiring or calculating this data without CP1531. The required split of demand data per BM Unit into Imports and Exports is contained within the D0081 (Supplier Half Hourly Demand Report) file. However, National Grid ESO are not recipients of this file. The changes that would be required to allow them to receive this file and extract the relevant data would require more complex and likely costly changes, putting at risk the required April 2021 Implementation Date.

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7 Industry Views

CP1531 was issued for Industry consultation on Tuesday 14 July 2020 with responses invited by 5pm on Monday 10 August 2020.

There were no consultation responses received.

Summary of CP1531 CP Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1531 proposed solution?	0	0	0	0
Do you agree that the draft redlining delivers the intent of CP1531?	0	0	0	0
Will CP1531 impact your organisation?	0	0	0	0
Will your organisation incur any costs in implementing CP1531?	0	0	0	0
Do you agree with the proposed implementation approach for CP1531?	0	0	0	0
Do you have any further comments on CP1531?	0	0	0	0

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8 Recommendations

We invite the **SVG** to:

- **APPROVE** the proposed changes to BSCP508 for CP1531; and
- **APPROVE** CP1531 for implementation on 1 April 2021 as part of an ad-hoc April 2021 BSC Release.

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Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
BM Unit	Balancing Mechanism Unit
BSCP	Balancing and Settlement Code Procedure
BSUoS	Balancing Services Use of System
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
ESO	Electricity System Operator
II	Interim Initial Settlement Run
RF	Reconciliation Final Settlement Run
SCR	Significant Code Review
SF	Settlement Final Settlement Run
SVAA	Supplier Volume Allocation Agent
TCR	Targeted Charging Review
TUoS	Transmission Use of System

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	Connection and Use of System Code	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc/code-documents
3	Ofgem's Targeted Charging Review (TCR) Significant Code Review (SCR)	https://www.ofgem.gov.uk/electricity/transmission-networks/charging/targeted-charging-review-significant-code-review
3	Ofgem's TCR SCR Decision	https://www.ofgem.gov.uk/system/files/docs/2019/12/full_decision_doc_updated.pdf
2, 3, 4, 5, 7	CMP333: 'BSUoS – charging Supplier Users on gross demand (TCR)'	https://www.nationalgrideso.com/industry-information/codes/connection-and-use-system-code-cusc-old/modifications/cmp333-bsuos

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External Links		
Page(s)	Description	URL
5, 6	BSCP508 'Supplier Volume Allocation Agent'	https://www.elexon.co.uk/csd/bscp508-supplier-volume-allocation-agent/
6	ELEXON Portal	https://www.elexonportal.co.uk/

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